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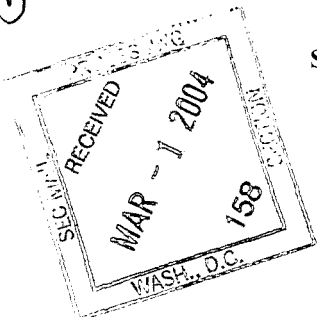
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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**ANNUAL AUDITED REPORT  
FORM X-17-A-5  
PART III**

Alt 3-16-2004

OMB APPROVAL	
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Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 01/01/03 AND ENDING 12/31/03  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: **Liability Solutions, Inc.**

OFFICIAL USE ONLY

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

FIRM I.D. NO.

**95B Rowayton Avenue**

(No. and Street)

**Rowayton**

**Connecticut**

**06853**

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

**Per-Arne Johansson**

**(203) 857-0085**

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

**Kahn Boyd Levychin, LLP**

(Name - if individual, state last, first, middle name)

**70-20 Austin Street, Suite 128**

**Forest Hills**

**NY**

**11375**

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

- ☒ Certified Public Accountant  
☐ Public Accountant  
☐ Accountant not resident in the United states or any of its possessions.

PROCESSED

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THOMSON  
FINANCIAL

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

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OATH OR AFFIRMATION

I, Michael Chatwin, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Liability Solutions, Inc., as of December 31, 20 03, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

*Sworn to before me this 26th day of July 2004*

**RICHARD FEINER**  
Notary Public, State of New York  
No. 02FE5009313  
Qualified in Westchester County  
Commission Expires March 8, 2007

*Michael Chatwin*  
Signature  
*Director*  
Title

Notary Public

This report \*\* contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) ~~Statement of Income (Loss).~~ Statement of Operations.
- ☒ (d) ~~Statement of Changes in Financial Condition.~~ Statement of Cash Flows.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors Capital.
- ☐ (f) Statement of Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital for brokers and dealers pursuant to Rule 15c3-1.
- ☒ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Pertaining to Possession or Control Requirements Under Rule 15c3-3.
- ☒ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-3
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A Copy of the SIPC Supplemental report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.
- ☒ (o) Independent auditor's report on internal accounting control.
- ☐ (p) Schedule of segregation requirements and funds in segregation - customers' regulated commodity futures account pursuant to Rule 171-5.

# **LIABILITY SOLUTIONS, INC.**

**(A Development Stage Company)**

## **FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION**

**December 31, 2003**

**LIABILITY SOLUTIONS, INC.**  
**(A Development Stage Company)**

**December 31, 2003**

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# KAHN BOYD LEVYCHIN, LLP

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS  
70-20 AUSTIN STREET, SUITE 128, FOREST HILLS, NY 11375  
TEL 718.575.5750 WWW.KBL.COM

## **REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

Board of Directors  
Liability Solutions, Inc.

We have audited the accompanying statement of financial condition of Liability Solutions, Inc. (A Development Stage Company) as of December 31, 2003 and the related statements of operations, changes in stockholder's equity, and, cash flows for the year then ended and for the period from July 12, 2002 (date of inception) through December 31, 2003 that you are filing pursuant to rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Liability Solutions, Inc. at December 31, 2003 and the results of their operations and their cash flows for the year then ended and for the period from July 12, 2002 (date of inception) through December 31, 2003 in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in the Schedule of Computation of Net Capital for Broker Dealers Pursuant to Rule 15c3-1 and the and Related Reconciliation to the Computation of Net Capital Included in Part IIA of Form X-17a-5 and the Schedule of Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3 are presented for purposes of additional analysis and are not a required part of the basic financial statements, but are supplementary information required by rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

  
Kahn Boyd Levychin, LLP

Forest Hills, New York  
January 29, 2004

**Liability Solutions, Inc.**  
**(A Development Stage Company)**

**Statement of Financial Condition**

December 31, 2003

**Assets**

Cash	\$	1,400
Due from Officer		500
Prepaid expenses		3,956
Furniture and Equipment -- at cost, net of accumulated depreciation of \$1,500		<u>14,552</u>
Total Assets	\$	<u><u>20,408</u></u>

**Liabilities and Stockholder's Equity**

**Liabilities**

Accounts Payable and Accrued Expenses		<u>17,749</u>
Total Liabilities		<u>17,749</u>

**Stockholder's Equity**

Common Stock, no par value, authorized 200 shares, issued and outstanding 100 shares		5,000
Additional Paid-in Capital		<u>168,500</u>
		173,500
Deficit Accumulated in the Development Stage		<u>(170,841)</u>
Total Stockholder's Equity		<u>2,659</u>

**COMMITMENT -- Note 6**

**NET CAPITAL REQUIREMENT -- Note 7**

**SUBSEQUENT EVENTS -- Note 8**

\$ 20,408

The accompanying notes are an integral part of these financial statements

**Liability Solutions, Inc.**  
**(A Development Stage Company)**

**Statements of Operations**

Year Ended December 31, 2003 and the Period  
From July 12, 2002 (Date of Inception) through December 31, 2003

	Year Ended December 31, 2003	July 12, 2002 (Inception) to December 31, 2003
	<u>                    </u>	<u>                    </u>
<b>Revenues</b>	\$ <u>          -          </u>	\$ <u>          -          </u>
<b>Expenses</b>		
Employee Compensation, Benefits and Temporary Help	16,004	16,004
Regulatory Compliance, including legal fees of \$17,657 and \$28,204	22,704	33,251
Occupancy Costs	42,500	46,250
Travel and Related Expenses	29,365	29,365
Accounting and Auditing	27,441	27,441
Other Operating Expenses	9,185	9,642
Communications and Data Processing	7,388	7,388
Depreciation and Amortization	<u>1,500</u>	<u>1,500</u>
Total Expenses	<u>156,087</u>	<u>170,841</u>
		-
Net Loss	\$ <u><u>(156,087)</u></u>	\$ <u><u>(170,841)</u></u>

The accompanying notes are an integral part of these financial statements

**Liability Solutions, Inc.**  
**(A Development Stage Company)**

**Statements of Cash Flows**

Year Ended December 31, 2003 and the Period  
From July 12, 2002 (Date of Inception) through December 31, 2003

	Year Ended December 31, 2003	July 12, 2002 (Inception) to December 31, 2003
<b>Cash flows from operating activities:</b>		
Net (Loss)	\$ (156,087)	\$ (170,841)
Adjustments to reconcile net (loss) to net cash used in operating activities:		
Depreciation and Amortization	1,500	1,500
Increase in Prepaid Expenses	(3,956)	(3,956)
Increase in Accounts Payable and Accrued Expenses	<u>17,449</u>	<u>17,749</u>
Net cash used by operating activities	<u>(141,094)</u>	<u>(155,548)</u>
<b>Cash flows from investing activities:</b>		
Advance to Officer	(500)	(500)
Purchase of Furniture and Equipment	<u>(16,052)</u>	<u>(16,052)</u>
Net cash used by investing activities	<u>(16,552)</u>	<u>(16,552)</u>
<b>Cash flows from financing activities:</b>		
Issuance of common stock to parent company	-	5,000
Contributions of additional paid-in capital from parent company	<u>118,500</u>	<u>168,500</u>
Net cash provided by investing activities	<u>118,500</u>	<u>173,500</u>
(Decrease) Increase in Cash	(39,146)	1,400
Cash at beginning of period	<u>40,546</u>	<u>-</u>
<b>Cash at end of period</b>	<b><u>\$ 1,400</u></b>	<b><u>\$ 1,400</u></b>

The accompanying notes are an integral part of these financial statements

**Liability Solutions, Inc.**  
**(A Development Stage Company)**

**Statement of Changes in Stockholder's Equity**

From July 12, 2002 (Date of Inception) to December 31, 2003

	<u>Common Shares</u>	<u>Stock Amount</u>	<u>Additional Paid-in Capital</u>	<u>Accumulated Deficit</u>	<u>Total Stockholder's Equity</u>
<b>From July 12, 2002 (Date of Inception) to December 31, 2002</b>					
Issuance of Common Stock to Parent Company	100	\$ 5,000	\$ -	\$ -	\$ 5,000
Additional Capital Contributed by Parent Company	-	-	50,000	-	50,000
Net (Loss)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(14,754)</u>	<u>(14,754)</u>
<b>Balances at December 31, 2002</b>	100	5,000	50,000	(14,754)	40,246
Additional Capital Contributed by Parent Company	-	-	118,500	-	118,500
Net (Loss)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(156,087)</u>	<u>(156,087)</u>
<b>Balances at December 31, 2003</b>	<u>100</u>	<u>\$ 5,000</u>	<u>\$ 168,500</u>	<u>\$ (170,841)</u>	<u>\$ 2,659</u>

The accompanying notes are an integral part of these financial statements

**Liability Solutions, Inc.**  
**(A Development Stage Company)**

**Notes to Financial Statements**

Year Ended December 31, 2003 and the Period  
From July 12, 2002 (Date of Inception) to December 31, 2003

**NOTE 1 -- NATURE OF OPERATIONS AND DEVELOPMENT STAGE STATUS**

**a. Operations**

Liability Solutions, Inc., (the "Company") is a broker-dealer registered under Section 15(b) of the Securities Exchange Act of 1934 (effective January 7, 2003) and with the Connecticut State Banking Commission. It has been a member of the National Association of Securities Dealers (NASD) since June 5, 2003. The Company was incorporated on July 12, 2002 in the State of New York and has its principal business location in Rowayton, Connecticut. It is a wholly owned subsidiary of Liability Solutions Limited ("LSL") which is based in London, United Kingdom.

The Company acts as an independent placement agent and advisory specialist for alternative investment products, primarily hedge funds. The Company earns fees for advisory services as agreed with the client. Additionally, fees are earned based on 20% of the fund manager's fees with respect to company placed institutional buyers (the fund manager's fee is generally 1% of the fund value), plus 20% of the fund manager's fees earned on assets over the "high water mark" for placed institutional buyers. The Company does not originate transactions, place customer orders, carry securities accounts for customers, nor does it perform custodial functions relating to customer securities.

**b. Development Stage and Ability of the Company to Continue as a Going Concern**

The Company is in the development stage and has yet to earn meaningful revenues. As of February 24, 2004, the Company has identified 3 institutional customers and is in the process of entering into contracts. Accordingly, it has generated \$10,000 in revenues since January 1, 2004. Although it has begun entering into customer contracts, the Company will remain in the development stage until such time as it has generated meaningful and regular revenues. Management currently anticipates emergence from the development stage during 2004.

The Company has incurred losses of \$170,841 since inception, of which \$156,087 was incurred during the year ended December 31, 2003, and has only \$1,400 in remaining cash at December 31, 2003. In addition, its first revenues were generated after December 31, 2003. These conditions might suggest that the Company might not be able to continue as a going concern. However, these conditions have been mitigated by actions taken by management and the Company's overseas parent, as well as plans made by management. The Company received additional capital contributions from LSL of \$38,000 from January 1 to February 24, 2004 and received a commitment from LSL to provide additional capital contributions of up to U.K. £55,000 in 2004 (approximately U.S. \$100,000). Company management plans now anticipate that customer relationships currently established will begin to provide a stream of revenue in 2004 sufficient to meet breakeven operating results for the Company.

**Liability Solutions, Inc.**  
**(A Development Stage Company)**

**Notes to Financial Statements -- Continued**

Year Ended December 31, 2003 and the Period  
From July 12, 2002 (Date of Inception) to December 31, 2003

**NOTE 2 -- SIGNIFICANT ACCOUNTING POLICIES**

a. Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

b. Depreciation and Amortization

Property and equipment is stated at cost and principally consists of computer equipment and software. Depreciation and amortization are computed using primarily the straight-line method based upon the estimated useful lives of the related assets of 3 to 5 years

c. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

d. Concentration of Credit Risks

Financial instruments which potentially subject the Company to concentrations of credit risk consists of cash balances in banks. The Company keeps its cash balances with high quality financial institutions which are federally insured although daily bank balances might exceed limits of federal insurance. Management believes that no significant concentration of credit risk exists with respect to those cash balances.

e. Fair Values of Financial Instruments

Statement of Financial Accounting Standards No. 107, "Disclosures about Fair Value of Financial Instruments", requires the Company to disclose estimated fair values for its financial instruments. Fair value estimates, methods and assumptions are set forth below for the Company's financial instruments:

The carrying amount of cash, accounts receivable, if any, other current assets, accounts payable, accrued expenses and notes payable, if any, approximate fair value because of the short maturity of those instruments.

**NOTE 3 -- INCOME TAXES**

The Company has not filed its 2002 income tax returns for Federal, New York State and Connecticut, but filed timely extensions and paid the taxes due. Because the Company sustained losses in that year and paid the required minimum taxes with the extensions filed, any additional payments required due to the late filings are expected to be minimal and no provisions has been made for them. The necessary filings have been prepared and management anticipates filing the returns in early March 2004.

**Liability Solutions, Inc.**  
**(A Development Stage Company)**

**Notes to Financial Statements -- Continued**

Year Ended December 31, 2003 and the Period  
From July 12, 2002 (Date of Inception) to December 31, 2003

As of December 31, 2003, the Company had net operating loss carryovers approximating \$170,000.

**NOTE 4 -- STOCKHOLDER'S EQUITY**

At the time of its incorporation in New York, the Company was authorized to issue 200 shares of its no par value common stock. In 2002, the Company issued 100 shares of its no par value common stock to LSL for \$5,000. Also in 2002, the Company erroneously issued 50,000 shares of no par value common stock for \$1 per share. Since it did not intend to issue a second class of stock or change the number of shares authorized in New York State, the \$50,000 received by the Company from LSL (its U.K. parent and the sole owner of all of the Company's issued shares) has been treated as a contribution of additional paid-in capital by the Company in its financial statements.

**NOTE 5 -- RELATED PARTY TRANSACTIONS**

In December 2003 the Company advanced \$500 to its President and Director for the payment of certain corporate expenses. Since the officer had not accounted for those expenses prior to December 31, 2003, the amount has been reflected as an amount due from officer as of December 31, 2003.

**NOTE 6 -- COMMITMENT**

In August 2003, the Company entered into a noncancellable office lease in Rowayton, Connecticut providing for monthly rental payments of \$4,000 and expiring June 1, 2004. The Company had been occupying the premises under this lease on a month-to-month basis from November 2002 through July 2003. The total rent for this premises for 2003 was \$42,500, of which \$20,000 was paid since the lease inception on August 1, 2003. The remaining commitment on this lease through June 1, 2004 is \$20,000.

**NOTE 7 -- NET CAPITAL REQUIREMENT**

The Company is subject to the Securities and Exchange Commission (SEC) Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 8 to 1. The Company is required to maintain minimum capital equal to \$5,000. At December 31, 2003, the Company had negative net capital of \$(16,349). The Company had a negative aggregate indebtedness to net capital ratio of -1.09 to 1. On January 27, 2004, both the SEC and NASD were notified of the Company's deficiency in net capital on

**Liability Solutions, Inc.**  
**(A Development Stage Company)**

**Notes to Financial Statements -- Continued**

Year Ended December 31, 2003 and the Period  
From July 12, 2002 (Date of Inception) to December 31, 2003

behalf of the company by its Financial and Operations Principal (FINOP) on its behalf. In the notification by the FINOP, the Company indicated its intention to make up the shortfall in net capital. As discussed in Note 8, the Company has been receiving contributions of additional capital from its overseas parent that should help alleviate the shortfall.

**NOTE 8 -- SUBSEQUENT EVENTS**

In January and February 2004, the following events and transactions took place with regard to the Company:

- LSI, the Company's U.K. parent, contributed additional paid-in capital of \$38,000.
- On February 24, 2004, LSI committed in writing to provide additional paid-in capital on an as-needed basis of up to U.K. £55,000 in 2004 (approximately U.S. \$100,000).
- In February 2004, the Company recorded a liability for the total balance due of \$7,298 on the corporate charge card used by its President and Director. Of this amount, \$2,898 represents his own personal expenses, which will presently be treated by the Company as amounts due from officer, although it may ultimately be paid directly by him.

**Liability Solutions, Inc.**  
**(A Development Stage Company)**

**Schedule of Computation Net Capital for Brokers and Dealers Pursuant to Rule 15c3-1**  
**December 31, 2003**

Assets	\$ 20,408
Less Liabilities	<u>(17,749)</u>
Total Ownership Equity	2,659
Plus Subordinated Liabilities	<u>-</u>
<b>Total Capital and Allowable Subordinated Liabilities</b>	2,659
Less Non-allowables	<u>(19,008)</u>
<b>Net Capital Before Haircuts and Undue Concentration</b>	(16,349)
Less Haircuts and Undue Concentration	<u>-</u>
<b>Net Capital</b>	(16,349)
Minimum Capital Requirement	<u>(5,000)</u>
Excess Net Capital	\$ <u>(21,349)</u>
<b>Total Aggregate Indebtedness</b>	\$ <u>17,749</u>
Percentage of Aggregate Indebtedness to Net Capital	<u>(109)%</u>

**Reconciliation to the Computation of Net Capital Included in Part IIA of Form X-17a-5 as of December 31, 2003**

Net Capital per above	\$ (16,349)
Adjustment - Additional accrual for audit	7,250
Accrual of state franchise taxes	<u>300</u>
Net Capital Included in Part IIA of Form X-17a-5 as of December 31, 2003	\$ <u>(8,799)</u>

The accompanying notes are an integral part of these financial statements

**Liability Solutions, Inc.**  
**(A Development Stage Company)**

**Computation for Determination of Reserve Requirements for  
Brokers and Dealers Pursuant to Rule 15c3-3**

**December 31, 2003**

The Company is exempt from the provisions of Rule 15c3-3 under the Securities Exchange Act of 1934, in that the Company's activities are limited to those set forth in the conditions for exemption appearing in paragraph (k)(2)(i) of the Rule.

# KAHN BOYD LEVYCHIN, LLP

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

70-20 AUSTIN STREET, SUITE 128, FOREST HILLS, NY 11375

TEL 718.575.5750 WWW.KBL.COM

Board of Directors  
Liability Solutions, Inc.

In planning and performing our audit of the financial statements and supplemental schedules of Liability Solutions, Inc. (the Company), for the year ended December 31, 2003 and for the period from July 12, 2002 (date of inception) through December 31, 2003, we considered its internal control, including control activities for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control.

Also, as required by rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company including tests of such practices and procedures that we considered relevant to the objectives stated in rule 17a-5(g) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons
2. Recordation of differences required by rule 17a-13
3. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph. Because of inherent limitations in internal control or the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

Our consideration of internal control would not necessarily disclose all matters in internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control components does not reduce to a relatively low level the risk that error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving internal control, including control activities for safeguarding securities, that we consider to be material weaknesses as defined above. We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at December 31, 2003, to meet the SEC's objectives. This report is intended solely for the information and use of the Board of Directors, management, the SEC, the National Association of Securities Dealers (NASD) and other regulatory agencies that rely on rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

Forest Hills, New York  
January 29, 2004

*Kahn Boyd Levychin, LLP*